

Message Text

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PAGE 01 ALGIER 01902 040814Z

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ACTION XMB-07

INFO OCT-01 EUR-25 NEA-14 ISO-00 AID-20 CIAE-00 COME-00

EB-11 FRB-03 INR-11 NSAE-00 RSC-01 TRSE-00 OPIC-12

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FM USINT ALGIERS

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INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AXEMBASSY BERN 202

AMEMBASSY PARIS

AMEMBASSY VIENNA

UNCLAS ALGIERS 1902

PASS EXIM

E.O. 11652: N/A

TAGS: BEXP, AG

SUBJ: EUROGAS PROJECT FOR ALGERIAN LNG

REFS: (A) ALGIERS 0868 (B) ALGIERS 0844 (C) STATE 080583

1. EL MOUJAHID, TODAY REPORTS SIGNING OF THE CONSTRUCTION AGREEMENT FOR EUROGAS I LIQUIFICATION PLANT AT ARZEW. SYBETRA GROUP WON CONTRACT WHICH IS GOOD SINCE IT HAD LARGEST AMERICAN COMPONENT. SYBETRA GROUP IS MADE UP OF MANNESMANN-EXPORT AKTLEGESSELLSCHAFT (RFA), CREUSOT-LOIRE ENTERPRISES (FRANCE), VOEST-ALPINE (AUSTRIA), CHEMICO (USA), TRACTION ET ELECTRICITE (BELGIUM).

2. THE LIQUIFICATION PROCESS WILL BE THAT OF AIR PRODUCTS, SO PLANT WILL BE SIMILAR, THOUGH, LARGER (15.3 BILLION M3) THAN ADJACENT EL PASO/CHEMICO PLANT (10.2 BILLION M3) AT ARZEW. LNG WILL BE SHIPPED TO FOS IN FRANCE
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PAGE 02 ALGIER 01902 040814Z

AND MONTFLEONE IN ITALY. GAS HAS BEEN PURCHASED

BY SAAR FERN GAS A.G. (RFA), GASVERSORGUNG
SUDDEUTSCHLAND GMBH (RFA), BAYERISCHE FERN GAS GMBH
(RFA), AUSTRIA GERNGAS GMBH (AUSTRIA), DISTRIGAS S.A.
(BELGIUM), GAZ DE FRANCE (FRANCE), SWISS-GAS S.A. (SWISS).

3. THE ACTUAL FINANCING OF THIS PLANT HAS NOT YET BEEN
SIGNED, BUT GROUP IS CLOSE TO AGREEMENT. USINT
UNDERSTANDS STICKING POINTS HAVE BEEN NATURE OF MAXIMUM
COST GUARANTEE GIVEN BY UTILITIES SELLING GAS AND
NATIONAL FINANCING OF CONTRACTORS WHEN WORK DONE IN
RESPECTIVE COUNTRIES MAY NOT CORRESPOND TO AMOUNT OF
NATIONAL FINANCING. U.S. FIRM, CHEMICO, WITH SOME 20 PERCENT
OF PROJECT FURTHER COMPLICATES THIS ASPECT.

4. SIGNING OF EURO GAS PROJECT RAISES PLANNED ARZEW
AREA LIQUIFICATION FACILITIES TO 27 BILLION CUBIC
METERS A DAY--15.3 FOR EURO GAS PLANT, 10.2 FOR CHEMICO
PLANT FOR EL PASO I AND 1.5 FOR EXISTING CAMEL PLANT.
NEW LNG PORT AT BETHIOUA FOR ARZEW IS UNDER CONSTRUCTION
WITH RALPH M. PARSONS DOING ENGINEERING AND CONSULTATION WORK.
GENERAL ELECTRIC IS WORKING ON ONE OF TWO GAS PIPE LINES
(40 AND 42 INCH) FROM HASSI-R'MEL TO ARZEW. ALGERIANS
ESTIMATE CAPITAL INVESTMENT FOR ARZEW'S TWO PIPELINES
AND NEW EURO GAS LNG PLANT AT ABOUT 2.2 BILLION DOLLARS.
THIS AMOUNT OF CAPITAL INVESTMENT AND WORK IN PROGRESS
ADDS TO URGENCY OF COMPLETING GAS TREATMENT FACILITIES
AT HASSI-R'MEL ON WHICH PRITCHARD RHODES AND HUDSON
ARE BIDDING IN COMPETITION WITH ONE CANADIAN FIRM.
PELLETREAU

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